

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeenn G. Kelly.

Midwest Independent Transmission
System Operator, Inc.

Docket No. TS05-7-000

ORDER ON REQUEST FOR LIMITED WAIVER
FROM THE STANDARDS OF CONDUCT

(Issued January 10, 2005)

1. On November 24, 2004, the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) requested a temporary, partial waiver of its Commission-approved Standards of Conduct¹ and the related requirements of Order Nos. 888² and 889³ to

¹ The Midwest ISO's Standards of Conduct are stated in Appendix A to its Transmission Owners Agreement, which was accepted by the Commission. *Midwest Independent Transmission System Operator, Inc.*, 84 FERC ¶ 61,231, *order on clarification*, 85 FERC ¶ 61,250, and *order on reh'g*, 85 FERC ¶ 61,372 (1998).

² See also *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 FR 21540 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles 1991-1996 ¶ 31,036 (Apr. 24, 1996); *order on reh'g*, Order No. 888-A, 62 FR 12274 (Mar. 14, 1997), FERC Stats. & Regs., Regulations Preambles 1991-1996 ¶ 31,048 (Mar. 4, 1997); *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997); *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom., Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

³ *Open Access Same-Time Information System (Formerly Real-Time Information Network) and Standards of Conduct*, Order No. 889, 61 FR 21737 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles 1991-1996 ¶ 31,035 (Apr. 24, 1996); Order No. 889-A, *order on reh'g*, 62 FR 12484 (Mar. 14, 1997), FERC Stats. & Regs., Regulations Preambles 1996-2000 ¶ 31,049 (Mar. 4, 1997); Order No. 889-B, *reh'g denied*, 62 FR 64715 (Dec. 9, 1997), FERC Stats. & Regs., Regulations Preambles

(Continued....)

enable market participants to participate in the Midwest ISO's operator training for commencement of Day 2 operations.⁴ In this order, the Commission grants the Midwest ISO's request for temporary waiver of its Standards of Conduct. This serves the public interest because it will facilitate an effective and reliable implementation of the phase-in of real-time energy markets in the Midwestern United States.

2. The Midwest ISO requests temporary partial waiver of its Standards of Conduct for its anticipated training program for Day 2 market implementation, including parallel operations trials and an eight-hour simulator training exercise. The Midwest ISO states that some of the attendees may be or may have been involved in some "merchant" activities on behalf of their employers.

3. The Midwest ISO believes that its planned safeguards will prevent any competitive harm as a result of the conduct of these training exercises. Safeguards include: close supervision by the Midwest ISO staff, so that attendees do not view any non-public information except during the training exercises; a requirement that attendees execute a non-disclosure agreement preventing the participants from disclosing or using any non-public information; and ensuring that during simulator training no participant has access to the Midwest ISO's control room or to any real-time information. With these protections in place, the Midwest ISO requests waiver, to the extent it might be necessary, of Standards A, B, F, G, H, I, J, and K of its Appendix A Standards of Conduct.

1996-2000 ¶ 31,253 (Nov. 25, 1997). The Standards of Conduct requirements of Order No. 889 have been superseded by the Standards of Conduct for Transmission Providers under Order No. 2004. *Standards of Conduct for Transmission Providers*, Order No. 2004, FERC Stats. & Regs., Regulations Preambles ¶ 31,155 (2003), *order on reh'g*, Order No. 2004-A, 107 FERC ¶ 61,032 (2004), *order on reh'g and clarification*, Order No. 2004-B, III FERC Stats. & Regs. ¶ 31,166 (August 2, 2004), *order on reh'g and clarification*, Order No. 2004-C, 109 FERC ¶ 61,325 (2004).

⁴ The Commission has conditionally accepted the Midwest ISO's proposed Transmission and Energy Markets Tariff, which, when implemented, will allow the Midwest ISO to initiate Day 2 operations in its 15-state region. The Day 2 operations will include, among other things, day-ahead and real-time energy markets and a financial transmission rights market for transmission capacity. *See Midwest Independent Transmission System Operator, Inc.*, 108 FERC ¶ 61,163, P55, *order on reh'g*, 109 FERC ¶ 61,157 (2004).

4. Notice of the Midwest ISO's filing was issued on December 2, 2004. Pursuant to Rule 214, 18 C.F.R. §385.214 (2004), timely filed motions to intervene are granted unless opposed within 15 days of the date filed. No answers in opposition to motions to intervene were filed. Accordingly, timely-filed motions to intervene are granted.

5. Based on the Midwest ISO's pleading, the stakeholder personnel participating in training exercises include designated employees of the Midwest Balancing Authorities or other similar entities who possess high familiarity of their respective control areas' footprints and market conditions. The Commission grants waiver to allow these employees to participate in training exercises.

The Commission orders:

The Midwest ISO's request for temporary partial waiver of its Standards of Conduct is granted for the purpose of conducting the training activities.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.